

# City of Newport, Oregon

## REQUEST FOR PROPOSALS

for

## Professional Auditing Services

**Due Date: February 20, 2015**

City Manager .....	Spencer Nebel
Finance Director.....	Mike Murzynsky
Assistant Finance Director .....	Linda Brown
Financial Specialist III .....	John Dubois

For more information regarding this Request for Proposals,  
contact Mike Murzynsky 541-574-0610

**FINANCE DEPARTMENT**

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## PROPOSER'S SUBMITTAL CHECKLIST

**Proposals must be submitted by the time designated and to the address listed in the Request for Proposals and marked received with time and date by City staff. Any proposals submitted after the designated closing time or to any other location will be determined nonresponsive and will not be opened. It is the responsibility of the Proposer to deliver the proposal by the indicated deadline to the designated location.**

Proposers must **submit five (5) copies** of their proposal. All proposals must be received with the following required submittals to be considered:

- ☐ Letter of Transmittal
- ☐ References
- ☐ Qualifications and Experience
- ☐ Fee Schedule (*Attachment A*)
- ☐ Non-Collusion and Conflict of Interest Certification (*Attachment B*)
- ☐ Signed Addenda (*if applicable*)

**City of Newport**  
**Request for Proposals (RFP)**  
**Professional Auditing Services**  
***Proposals Due by 4:00 p.m., Friday, February 20, 2015***

Notice is hereby given that the City of Newport ("City") is requesting proposals for Auditing Services for three consecutive years starting with the audit for the fiscal year beginning July 1, 2014 through June 30, 2015 with an option to extend the contract for two additional one-year terms.

The scope of work includes:

- Auditing the City's Annual Financial Report (AFR) in accordance with the provisions contained in this request for proposal;
- Assist with the conversion of the City's AFR to a Comprehensive Annual Financial (CAFR) report in accordance with Government Finance Officer Association (GFOA) standard;
- Expressing an opinion on the fair presentation of the City's basic financial statements as a whole, in conformity with generally accepted accounting principles;
- Performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB), as mandated by generally accepted auditing standards (GAAS);
- Submitting drafts of all reports for management's review prior to final review with the City's Audit Committee;
- Meeting with finance staff and the City's Audit Committee to discuss the audit, management letter, and conclusions.

The Request for Proposals can be downloaded from the City of Newport website at <http://NewportOregon.gov/RFP>. It is imperative that those who download the solicitation documents check the website regularly for addenda, clarifications, and other notifications that may be pertinent. In addition, all proposers known by the City of Newport to have received a complete set of the Proposal Documents will receive notification when additional items are posted. Please call (541) 574 - 0611 for additional information regarding this RFP.

Sealed proposals must be received by the City of Newport, at the Finance Counter, not later than 4:00 p.m., Friday, February 20, 2015 addressed to the City of Newport, Finance Department, Attn: Mike Murzynsky, Finance Director, 169 SW Coast Highway, Newport, OR 97365. The outside of the envelopes shall plainly identify the project: "Audit Services RFP." Facsimile proposals will not be accepted. Proposals received after the designated time and date will be returned unopened.

The City may reject any proposal not in compliance with all prescribed solicitation procedures and requirements and other applicable law, and may reject any or all proposals in whole or in part when the cancellation or rejection is in the best interest of the City, and at no cost to the City.

DATED THIS 23rd DAY OF January 2015.

*Mike Murzynsky*

Mike Murzynsky  
Finance Director

PUBLISH: Daily Journal of Commerce, Friday January 23, 2015  
Newport News Times, **Friday January 23, 2015**

## SECTION 1 – INTRODUCTION AND GENERAL INFORMATION

### 1.1 INTRODUCTION

The City of Newport (City) is an Oregon municipal corporation with a 2014 population of approximately 10,500. The City employs approximately 125 FTEs and is organized under the council/manager form of government with a City Council comprised of six councilors and the Mayor, and a City Manager.

The City is requesting proposals for Audit Services for three consecutive years starting with the audit for the fiscal year July 1, 2014 through June 30, 2015. The contract includes a provision to extend the contract for two additional one-year terms at the option of the City.

The City currently utilizes Caselle's Clarity accounting software. Caselle modules used by the City include general ledger, payroll, accounts receivable, accounts payable, utility billing, municipal court, and cash management. The Caselle system uses both online real-time entry and batch processing. The City's in-house Information Technology Department is responsible for system security, backups, and installing vendor up-grades.

The City of Newport intends to apply for the following awards from the Government Finance Officers Association (GFOA):

**Budget:** the *Distinguished Budget Presentation Award* for the 2015-2016 Adopted Budget.

**Audit:** the *Certificate of Achievement for Excellence in Financial Reporting* for the year ended June 30, 2016.

### 1.2 ISSUING OFFICE AND SUBMITTAL LOCATION

The City Finance Director will issue the Request for Proposal document and will be the point of contact for the City for questions, concerns, and protests.

Each proposer shall provide five (5) total copies of their proposal with one copy marked "ORIGINAL". **Proposals must be delivered to the Finance Department Counter by 4:00 p.m. on the closing date, February 20, 2015. The outside of the sealed envelope should state "Audit Services RFP" and be addressed to the submittal location found below:**

**Submittal Address & Process Questions:**

City of Newport  
Finance Department  
Mike Murzynsky, Finance Director  
169 SW Coast Highway  
Newport, OR 97365

**Technical Questions/Scope of Work:**

Mike Murzynsky, Finance Director  
Email: m.murzynsky@newportoregon.gov

Telephone, facsimile, or electronically transmitted proposals will not be accepted. Proposals received after the specified date and time will not be given further consideration. Proposers submitting proposals are solely responsible for the means and manner of their delivery, and are encouraged to confirm delivery prior to the deadline.

### **1.3 ANTICIPATED RFP SCHEDULE**

The City anticipates the following general timeline for receiving and evaluating the proposals and selecting a Contractor. The schedule listed below may be changed if it is in the City's best interest to do so.

RFP Advertised	January 23, 2015
Final Date to Submit Changes/Solicitation Protests	February 17, 2015, 2:00 p.m.
Last Date for Addenda	February 17, 2015
Proposal Due Date	February 20, 2015, 4:00 p.m.
Evaluate Proposals	February 24 – February 26, 2014
Interviews (if necessary)	March 3-4, 2015
Notice of Intent to Award	March 16, 2015
Protest Period Ends (seven calendar days)	March 26, 2014, 12:00 p.m.
Contract Award	March 27, 2015

### **1.4 CHANGES TO THE SOLICITATION BY CITY ADDENDA**

The City of Newport reserves the right to make changes to the RFP by written addendum, which shall be issued to all prospective Proposers known to the City of Newport to have received the Proposal Document.

A prospective Proposer may request a change in the RFP by submitting a written request to the address set forth above. The request must specify the provision of the RFP in question, and contain an explanation for the requested change. All requests for changes or additional information must be submitted to the City of Newport no later than the date set in the RFP Schedule.

The City of Newport will evaluate any request submitted, but reserves the right to determine whether to accept the requested change. If in the Finance Director's opinion, additional information or interpretation is necessary; such information will be supplied in the form of an addendum as stated above. Any addenda shall have the same binding effect as though contained in the main body of the RFP. Oral instructions or information concerning the scope of work of the project given out by City of Newport managers, employees, or agents to the prospective Proposers shall not bind the City of Newport.

- a) Addenda will be posted on the City of Newport's website.
- b) No addenda will be issued later than the date set in the RFP Schedule, except an addendum, if necessary, postponing the date for receipt of Proposals, withdrawing the invitation, modifying elements of the proposal resulting from a delayed process, or requesting additional information, clarification, or revisions of proposals leading to obtaining best offers or best and final offers.
- c) Each Proposer shall ascertain, prior to submitting a proposal, that the Proposer has received all addenda issued, and receipt of each addendum shall be acknowledged in the appropriate location on each Addendum and included with the proposal submittal.

## 1.5 TRADE SECRETS AND PUBLIC RECORDS LAW

All information submitted by Proposers shall be a public record and subject to disclosure pursuant to the Oregon Public Records Act, except such portions of the proposals for which Proposer requests exception from disclosure consistent with Oregon Law. All requests shall be in writing noting specifically which portion of the proposal the Proposer requests exception from disclosure. Proposer shall not copyright, or cause to be copyrighted, any portion of any said document submitted to the City of Newport as a result of this RFP.

If a proposal contains any information that is considered a trade secret under ORS 192.501(2), Proposers must mark each sheet of such information with the following legend: **"This data constitutes a trade secret under ORS 192.501(2), and shall not be disclosed except in accordance with the Oregon Public Records Law, ORS Chapter 192."**

Oregon Public Records Law exempts from disclosure only bona fide trade secrets, and the exemption from disclosure applies only "unless the public interest requires disclosure in the particular instance". Therefore, non-disclosure of City documents or any portion of a City document submitted as part of a proposal may depend upon official or judicial determination made pursuant to the Public Records Law.

In order to facilitate public inspection of the non-confidential portion of the proposal, material designated as confidential shall accompany the proposal, but shall be readily separable from it. Prices, makes, model or catalog numbers of items offered, scheduled delivery dates, and terms of payment shall be publicly available regardless of any designation to the contrary. Any proposal marked as a trade secret in its entirety will be considered non-responsive.

## 1.6 CANCELLATION

The City of Newport reserves the right to cancel award of this contract at any time before execution of the contract by both parties if cancellation is deemed to be in the City of Newport's best interest. In no event shall the City of Newport have any liability for the cancellation of award.

## 1.7 LATE PROPOSALS

All proposals that are not received by the deadline stated in the RFP Schedule will be considered late. Delays due to mail and/or delivery handling, including, but not limited to delays within City of Newport's internal distribution systems, do not excuse the Proposer's responsibility for submitting the proposal to the correct location by the stated deadline.

## 1.8 DISPUTES

In case of any doubt or differences of opinions as to the items or service to be furnished hereunder, or the interpretation of the provisions of the RFP, the decision of the City of Newport shall be final and binding upon all parties.

## 1.9 PROPOSER'S REPRESENTATION

Proposers, by the act of submitting their proposals, represent that:

- a) They have read and understand the Proposal Documents and their proposal is made in accordance therewith;
- b) They have familiarized themselves with the local conditions under which the work will meet their satisfaction;
- c) Their proposal is based upon the requirements described in the Proposal Documents without exception (unless exceptions are clearly stated in the response).

## **1.10 CONDITIONS OF SUBMITTAL**

By the act of submitting a response to this invitation, the Proposer certifies that:

- a) The Proposer and each person signing on behalf of any Proposer certifies, and in the case of a sole proprietorship, partnership or corporation, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief, no elected official, officer, employee, or person, whose salary is payable in whole or in part by the City of Newport, has a direct or indirect financial interest in the Proposal, or in the services to which it relates, or in any of the profits thereof other than as fully described in the Proposer's response to this solicitation.
- b) The Proposer has examined all parts of the Request for Proposal, including all requirements and contract terms and conditions thereof, and, if its proposal is accepted, the Proposer shall accept the contract documents thereto unless substantive changes are made in same without the approval of the Proposer.
- c) The Proposer, if an individual, is of lawful age; is the only one interested in this proposal; and that no person, firm, or corporation, other than that named, has any interest in the proposal, or in the proposed contract.
- d) The Proposer has quality experience providing the required services.

## **1.11 PROPOSER REQUESTS INTERPRETATION OF RFP DOCUMENTS**

- a) Proposers shall promptly notify the City of Newport of any ambiguity, inconsistency or error, which they may discover upon examination of the Proposal Documents.
- b) Proposers requiring clarification or interpretation of the Proposal Documents shall make a written request for same to the Finance Director at the submittal address located in Section 1.2.
- c) The City of Newport shall make interpretations, corrections, or changes of the Proposal Documents in writing by published Addenda. Interpretations, corrections, or changes of the Proposal Documents made in any other manner will not be binding, and Proposers shall not rely upon such interpretations, corrections, and changes.
- d) Should any doubt or difference of opinion arise between the City of Newport and a Proposer as to the items to be furnished hereunder or the interpretation of the provisions of this solicitation, the decision of the City of Newport shall be final and binding upon all parties.

## **1.12 PROPOSER REQUESTS FOR ADDITIONAL INFORMATION**

Requests for information regarding City of Newport services, programs, or personnel, or any other information shall be submitted in writing directly to the Finance Director at the address in the invitation. All requests for additional information shall be submitted in writing. Answers shall be provided to all Proposers of record on the date that answers are available.

## **1.13 COMPETITION**

Proposers are encouraged to comment, either with their proposals or at any other time, in writing, on any specification or requirement within this RFP, which the Contractor believes, will inordinately limit competition.



#### **1.14 SOLICITATION PROTESTS**

Any complaints or perceived inequities related to this RFP shall be in writing and directed to the Finance Director at the address listed in the RFP and shall be received no later than the date listed in the RFP Schedule. Such submittals will be reviewed upon receipt and will be answered in writing. No such protests or requests will be considered if received after the deadline. No oral, telegraphic, telephone protests or requests will be accepted.

#### **1.15 AWARD PROTESTS**

Any Proposer who claims to have been adversely affected or aggrieved by the selection of a competing Proposer shall have seven (7) calendar days after notification of the selected Proposer to submit a written protest. This written notification must be submitted to the Issuing Office address no later than the date and time listed in the RFP Schedule. No protest against an award will be considered if received after the deadline established for submitting such protest.

#### **1.16 COST OF RFP AND ASSOCIATED RESPONSES**

This RFP does not commit the City of Newport to paying any costs incurred by any Proposer in the submission or presentation of a proposal, or in making the necessary studies for the preparation thereof. Responses to this solicitation are purely voluntary. Proposers shall not include any such expenses as part of their proposals.

#### **1.17 CITY TO REQUEST CLARIFICATION, ADDITIONAL RESEARCH, & REVISIONS**

- a) The City of Newport reserves the right to obtain clarification of any point in a proposal or to obtain additional information necessary to properly evaluate a particular proposal. Failure of a Proposer to respond to such a request for additional information or clarification could result in a finding that the Proposer is non-responsive and consequent rejection of the proposal.
- b) The City of Newport may obtain information from any legal source for clarification of any proposal or for information on any Proposer. The City of Newport need not inform the Proposer of any intent to perform additional research in this respect or of any information thereby received.
- c) The City of Newport may perform, at its sole option, investigations of the responsible Proposer. Information may include, but shall not necessarily be limited to credit history, recent financial statements, current litigation, bonding capacity and related history, and contacting references. All such documents, if requested by the City of Newport, become part of the public records and may be disclosed accordingly.
- d) The City of Newport reserves the right to request revisions of proposals after the submission of proposals and before award.

#### **1.18 REJECTION OF PROPOSALS**

The City of Newport reserves the right to reject any or all proposals received as a result of this request. Proposals may be rejected for one or more of the following reasons, including but not limited to:

- a) Failure of the Proposer to adhere to one or more of the provisions established in this RFP.
- b) Failure of the Proposer to submit a proposal in the format specified herein.
- c) Failure of the Proposer to submit a proposal within the time requirements established herein.

- d) Failure of the Proposer to adhere to ethical and professional standards before, during, or following the proposal process.

The City of Newport may reject any proposal not in compliance with all prescribed public procurement procedures and requirements, and may reject for good cause any or all proposals upon a finding of the City of Newport that it is in the public interest to do so.

#### **1.19 MODIFICATION OR WITHDRAWAL OF PROPOSAL BY PROPOSER**

- a) A proposal may not be modified, withdrawn, or canceled by the Proposer for 60 (sixty) calendar days following the time and date designated for the receipt of proposals.
- b) Proposals submitted early may be modified or withdrawn only by notice to the City of Newport Finance Director, at the proposal submittal location, prior to the time designated for receipt of proposals. Such notice shall be in writing over the signature of the Proposer. All such communications shall be so worded as not to reveal the amount of the original proposal or any other material contents of the original proposal.
- c) Withdrawn proposals may be resubmitted up to the time designated for the receipt of proposals provided that they are then fully in conformance with these Instructions to Proposers.
- d) The City of Newport reserves the right to request revisions of proposals after the submission of proposals and before award for the purpose of obtaining best offers or best and final offers.

#### **1.20 PROPOSAL OWNERSHIP**

- a) All proposals submitted become and remain the property of the City of Newport and, as such, are considered public information and subject to public disclosure within the context of the federal Freedom of Information Act and Oregon Revised Statutes (ORS) 192.501 and ORS 192.502, public records exempt from disclosure.
- b) Unless certain pages or specific information are specifically marked "proprietary" and qualify as such within the context of the regulations stated in the preceding paragraph, the City of Newport shall make available to any person requesting information through the City of Newport's processes for disclosure of public records, any and all information submitted as a result of this solicitation without obtaining permission from any Proposer to do so after the Notice of Intent to award has been released.

#### **1.21 DURATION OF PROPOSAL**

Proposal prices, terms, and conditions shall be firm for a period of at least ninety (90) days from the deadline for receipt of submittal.

#### **1.22 AFFIRMATIVE ACTION / NONDISCRIMINATION**

By submitting a proposal, the Proposer agrees to comply with the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964, Executive Order 11246 (as amended), Fair Employment Practices, Equal Employment Opportunity Act, Americans with Disabilities Act, and Oregon Revised Statutes. By submitting a proposal, the Proposer specifically certifies, under penalty of perjury, that the Proposer has not discriminated against minority, women or emerging small business enterprises in obtaining any required subcontracts.

### **1.23 RECIPROCAL PREFERENCE LAW**

Oregon's reciprocal preference law, ORS 279A.120 and ORS 279A.125, requires public contracting agencies, in determining the lowest responsible Proposer, to add a percent increase to each out-of-state Proposer's bid price which is equal to the percent of preference given to local Proposers in the Proposer's home state. That is, if the low Proposer is from a state that grants a 10 percent preference to its own in-state Proposers, the Oregon Agency must add 10 percent to that Proposer's price when evaluating the bid.

For details, check Oregon's Reciprocal Preference Law website at:  
<http://www.oregon.gov/DAS/EGS/ps/Pages/RecipPref/reciprocal.aspx>

Proposers in need of any assistance in the application of this law should contact the State Procurement Office:  
State of Oregon, Department of Administrative Services, State Procurement Office, 1225 Ferry Street SE,  
U-140, Salem, OR 97301-4285. Telephone: 503-378-4642

### **1.24 COMPLAINTS AND INEQUITIES**

Any complaints or perceived inequities related to this RFP or award of work referenced herein shall be in writing and directed to the Finance Director at the address listed in the RFP and shall be received no later than the date listed in the RFP Schedule. Such submittals will be reviewed upon receipt and will be answered in writing.

### **1.25 INTERGOVERNMENTAL COOPERATIVE PURCHASING**

Pursuant to Oregon Revised Statute 279A.215, other governmental agencies, bodies or districts ("Participating Agencies") may participate in the award resulting from this solicitation as if said agencies had generated this solicitation and made this award on their own behalf. Such participation shall be inaugurated on the basis of a letter notification from the Participating Agency to the City of Newport. The Contractor shall have the option of declining participation in any such agreement; that is, Contractor participation in work or sales resulting from use of this solicitation shall be voluntary. If the Contractor chooses to participate in such agreements, all agency relationships including those for contract administration, ordering, deliveries, approvals, billing, and collections shall be between the Participating Agency and the Contractor. The originating agency, City of Newport, except for this enabling agreement, shall not participate in any aspects of commercial activity between the Contractor and the Participating Agency. If the Contractor agrees to participate, all such participation shall be on the basis of this solicitation and the resulting award except that reasonable changes in pricing and terms may be negotiated directly between the Participating Agency and the Contractor to accommodate differences in delivery distances and local conditions. All such changes shall be solely between the Contractor and the Participating Agency.

## **SECTION 2 - SCOPE OF WORK SPECIAL PROVISIONS**

### **2.1 SCOPE OF SERVICES**

The City of Newport is requesting proposals from qualified certified public accounting firms, duly authorized to practice as such by the State of Oregon, to audit the City's Annual Financial Report commencing with the fiscal year ending June 30, 2015 and extending through the three subsequent fiscal years. The contract will include a provision for two one-year extensions beyond the three years at the option of the City. The audits are to be performed in accordance with the provisions contained in this request for proposal.

The City of Newport desires the auditor to express an opinion on the fair presentation of the City's basic financial statements as a whole, in conformity with Generally Accepted Accounting Principles (GAAP). The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board (GASB), as mandated by Generally Accepted Auditing Standards (GAAS).

The selected auditor shall submit a draft of opinions, letters, and reports for management's review. Final documents are subject to review by the City's Audit Committee. The selected auditor shall incorporate, as part of the basic proposal, meeting time with finance staff and the Audit Committee for the purpose of discussing the audit, audit opinion, management letter, and conclusions.

### **2.2 BASIC REPORTS**

Following completion of the audit of the Annual Financial Report, the auditor shall issue the following:

- Independent Auditor's Report. Report on the fair presentation of the financial statements in conformity with Generally Accepted Accounting Principles based upon the audit of the basic financial statements of the City. The other supplementary information listed in the Table of Contents of the City's AFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audit of the basic financial statements.
- AU-C 260. Report a summary of certain matters required by professional standards to be communicated to the City's Audit Committee to assist in the Committee's oversight responsibility for the City's reporting process.
- Management Letter. Report findings, statements, observations, opinions, comments and recommendations related to: the City's system of internal control based upon the auditor's understanding of the control structure and assessment of control risk; the City's compliance with applicable laws and regulations; and, the City's accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness.
- Audit Comments and Disclosures. Report state required Minimum Standards for Audits of Oregon Municipal Corporations (Oregon Administrative Rules 162-10-050 through 162-10-320).

### **2.3 ADDITIONAL REPORTS**

The City of Newport meets the audit threshold (over \$500,000 in expended grant funds) for performance of a Single Audit under the OMB Circular A-133. Additional reports to be issued include the following:

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial statements Performed in accordance with *Government Auditing Standards*. Report any deficiencies in internal control over financial

reporting that are considered to be significant deficiencies including control deficiencies, significant deficiencies and material weaknesses as defined on Auditing Standards No. 115.

- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133. Report on compliance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* applicable to each of the City's major federal programs.
- Schedule of Findings and Questioned Costs. Report on findings and questioned costs related to the City's financial statements as well as costs and compliance for federal award programs.

Reports on other audits or agreed-upon procedures may be agreed to in writing as stated in a supplemental audit agreement. Prior to beginning work, the scope of the study and associated costs shall be approved by the City.

## **2.4 STANDARDS TO BE FOLLOWED**

To meet the requirements of this request for proposal, the audits are to be performed in accordance with all applicable standards including, but not limited to, applicable standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), Generally Accepted Auditing Standards (GAAS) as promulgated by the American Institute of Certified Public Accountants (AICPA), Government Auditing Standards (GAS) as promulgated by the Government Accountability Office (GAO) if applicable, and requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*.

In addition, all aspects of the engagement shall be performed in accordance with the highest professional standards and comply with all applicable federal, state and local laws.

## **2.5 WORKING PAPER ACCESS AND RETENTION**

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years following completion of the audit unless the firm is notified in writing by the City of Newport of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees: the City of Newport; parties designated by the federal or state governments or by the City of Newport as part of an audit quality review process; Oregon Secretary of State, Audits Division.

In addition, the auditor shall respond to the inquiries of successor auditors and allow successor auditors to review working papers related to matters of accounting significance and internal control.

## **2.6 ASSISTANCE TO BE PROVIDED BY THE CITY**

- City will prepare the final closing of the books. The City will provide the auditors with a Trial Balance by fund and all of the accounting detail necessary to perform the audit.
- City will prepare all work papers requested by the Auditor prior to the start of interim and/or final fieldwork.
- City will generate the necessary confirmation letters based on templates provided by the auditors.
- City will prepare the draft AFR, up to and including the combining statements, and all related schedules and statements deliverable to the auditor during the first week of audit fieldwork. City will also incorporate any agreed upon edits to the draft AFR to arrive at the final AFR.
- City will compile the MD&A after auditor provides government-wide adjustments and related statements.
- City staff will be available during the audit to assist in providing information, documentation and explanations as needed as well as access to the computer system to view records and print reports. All requests will first be directed to the Finance Director.

- The City will provide the auditor with reasonable workspace including access to the internet, a telephone line, photocopier and fax machine.
- The Finance Director and City Manager will provide the auditor with a signed Representation Letter at the conclusion of the audit.

## **2.7 MINIMUM CONTENT OF PROPOSALS (MANDATORY REQUIREMENT)**

- A title page showing the firm's name, the date of proposal, point of contacts, business address, telephone numbers, and email addresses.
- A signed letter of transmittal briefly stating that the firm submitting the proposal is properly licensed to perform such audits in the State of Oregon (including all of the assigned professional staff to the engagement), agrees to perform all of the work outlined in the City's RFP within the time periods established by the City, is independent of the City of Newport and understands that the firm's proposal is a firm and irrevocable offer through the June 30, 2015 audit period. The letter must also contain a certification that the person signing the proposal is entitled to represent the audit firm, empowered to submit the bid, and authorized to sign a contract with the City on behalf of the audit firm.
- The report on the audit firm's most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings. The audit firm must also disclose information on the circumstances and status of any disciplinary action taken or pending against the audit firm during the past three (3) years with state regulatory bodies or professional organizations, as well as any pending or settled litigation within the past three (3) years.
- List five (5) of the firm's current municipal auditing engagement clients in Oregon and three (3) non-current engagements served within the last three (3) years and respective contact information for reference purposes. Contact information should include the name of the public agency, name and title of contact person, telephone number, and email address.
- Describe the audit firm's experience and knowledge in performing audits in accordance with the provisions of the Single Audit Act, as amended by OMB Circular A-133. Attach two recent examples of your work in this area to your proposal.
- Attach to the proposal one sample of your last municipal audit report issued in the State of Oregon that was similar and comparable in services to that of the City of Newport.
- Attach to the proposal two (2) samples of management letters that you have recently issued covering an audit of an Oregon municipality.
- Identify all key personnel who will be assigned to work on this project including names, CPA license numbers, and Oregon Municipal Audit Roster numbers. Include a brief summary of their background and experience in auditing similar cities as well as their roles and assigned responsibilities under the proposal.
- Describe the audit firm's audit approach and methodology to be used to perform the audit services. Discussion items may include approach to determining laws and regulations subject to audit test work, approach to evaluating the City's internal control structure, approach to selecting audit procedures including sample size selection, use of specialized software and use of analytical procedures, and identification of any anticipated problems.
- Explain how the audit firm proposes to use City personnel, if at all, to assist during the audit and indicate the approximate time required of City personnel in this capacity.

- Provide a schedule (calendar) indicating proposed timing of interim fieldwork, final fieldwork and firm deliverables (dates follow):
  - Complete Government-wide adjustments and related statements and reconciliations by November 15<sup>th</sup>.
  - Complete audit and deliver final draft to City Finance by December 1<sup>st</sup> (or first business day of December)
  - Final Audit report to the City to ensure submission of the final AFR (for 2014-15 FY) to the State of Oregon and GFOA Certificate of Excellence program (beginning with the 2015-16 FY) by December 15<sup>th</sup> of each fiscal year.
  - Any assumptions regarding turnaround time for City Staff, the Audit Committee and the City Council should be clearly noted.

Note: For the City's fiscal year ended June 30, 2014 audit, interim audit fieldwork (mainly internal control procedures) lasted approximately five (5) business days and final audit fieldwork lasted five (5) business days

- Provide expected hours required for the year ended June 30, 2015 audit on the Not to Exceed Price for Proposed Services Schedule. The City expects that a single audit will be required for the year ended June 30, 2015. For proposal purposes, assume that one is required and that there is a single major program.
- Attach an additional schedule identifying expected hours required by your firm for the subsequent fiscal years ending June 30, 2016 through 2019.
- Provide fee information on the Not to Exceed Price for Proposed Services Schedule for the completion of the projects described in Scope of Auditor Services for the fiscal years ending June 30, 2015 through June 30, 2019. The City expects that a single audit will be required for the year ended June 30, 2015. For proposal purposes, assume that one is required and that there is a single major program.
- Describe the firm's policy on other charges including special requests and special reports or broadening the scope of the engagement.
- Describe firm's understanding of and interaction with an Audit or Finance Committee.
- List the audit firm's billing rates for all other applicable professional services for City reference as the City may request additional services which are outside of personal services audit contract.

## **SECTION 3 – SCOPE OF WORK GENERAL PROVISIONS**

### **3.1 INDEPENDENT CONTRACTOR**

The Contractor shall provide all labor, equipment, material, and supervision necessary to perform audit services. The parties intend that Contractor, in performing the services specified in this contract, shall act as an independent contractor and shall have the control of the work and the manner in which it is performed. Contractor is not considered an agent or employee of the City of Newport, and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits the City of Newport provide its employees.

### **3.2 DEFINITIONS** (as used in these contract documents, except where the context otherwise clearly requires)

CITY means the City of Newport, Oregon.

CITY'S REPRESENTATIVE/CONTRACT ADMINISTRATOR means the person or persons designated by the City's Finance Director to administer this Contract and monitor Compliance hereunder.

CONTRACT DOCUMENTS means all written documents existing at the time of execution of this Contract and setting forth the obligations of the parties, including the Request for Proposals, Professional Services Contract, Scope of Work Special Provisions, Fee Schedule, Non-Collusion and Conflict of Interest Certification, and other attachments or addendums applicable to the final Contract Documents. In addition, written amendments to the Contract Documents executed by the parties from time to time, and any documents expressly incorporated by reference elsewhere in the Contract Documents enumerated above.

CONTRACTOR, CONSULTANT, AUDITOR, or PROPOSER means the person or firm which has undertaken to perform the work subject of this Contract and by whom or on whose behalf the Contract was signed.

WORK means all tasks specified or necessarily implied in these Contract Documents to perform and complete their intended result. The term encompasses all labor, materials, supplies, tools, equipment, fuel, administrative and support services, overhead, and other direct and indirect expenses necessary to achieve the result intended by the Contract Documents.

### **3.3 CITY REPRESENTATIVE/CONTRACT ADMINISTRATOR**

The City's Representative or designee shall have full authority to act on behalf of the City with respect to administration of the provisions of this Contract, including the authority to stop the work whenever such stoppage may be necessary to ensure the proper execution of the Contract. The Representative or designee shall also have authority to reject all work which does not conform to the Contract Documents. The Representative for the purpose of administering this Contract will be:

Mike Murzynsky, Finance Director  
Phone: (541) 574-0610  
Fax: (541) 574-3355

The City's Representative shall observe, monitor, and inspect the work to the extent required to determine the provisions of the Contract Documents are being properly fulfilled. The inspection of the work completed shall not relieve the Contractor of his/her obligation to perform acceptable work in conformance with these Contract Documents.



### **3.4 NOTICES, INVOICES, AND PAYMENTS**

All notices, invoices, and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills, and payments sent by mail should be addressed as follows:

CITY OF Newport:	169 SW Coast Highway Newport, Oregon 97365
CONTRACTOR:	(Address), (City, State, Zip)

And when so addressed, shall be deemed given upon deposit in the United States Mail, postage prepaid. In all other instances, notices, bills, and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills, and payments are to be given by giving notice pursuant to this section.

## **SECTION 4 – PROPOSAL AND PROPOSER REQUIREMENTS**

### **4.1 SUBMITTAL OF PROPOSALS**

In order to be considered for this Project, each Proposer must provide five (5) total copies of their proposal; one copy should be marked “ORIGINAL”, and delivered to the Finance Department Counter. All proposals must arrive at the Issuing Office on or before the listed due date and time. A corporate officer who has been authorized to make such a commitment must sign the proposals. Proposals shall be submitted in a sealed envelope, with the words “AUDIT SERVICES RFP” clearly written on it. The document shall be addressed and delivered to the Issuing Office identified in Section 1.2.

### **4.2 PROPOSAL FORMAT**

Proposals shall be printed and prepared in a simple, economical manner, without stiff binders or covers, fastened in the top left-hand corner, with the sections tabbed to match those in the RFP, and with all pages numbered within each section.

The proposal shall be prepared succinctly, providing a straight forward, concise description of the Proposer’s ability to meet the requirements of the RFP. There should be no unnecessary attachments or exhibits. City reserves the right to reject Proposals that are deemed illegible or too difficult to read.

### **4.3 PROPOSER REPRESENTATIONS**

The Proposer further agrees to the following:

- A. To examine the scope of services and conditions thoroughly.
- B. To provide for appropriate insurance, deposits, and bonds, if required.
- C. To comply fully with the scope of services for the agreed contract.
- D. That any and all registration and certification requirements are met as set forth and required in the Oregon Revised Statutes and this RFP.

### **4.4 KEY PERSONNEL**

The Proposer shall acknowledge and agree that if selected, the Contractor is entering into this Contract because of the special qualifications of the Contractor’s Key Personnel. In particular, through this Contract, the City, is engaging the expertise, experience, judgment, and personal attention of Key Personnel. The Contractor shall not reassign or transfer the Key Personnel to other duties or positions without notifying the City. In the event that a replacement of Key Personnel is necessary, the replacement must be acceptable to the City Representative and Contract Administrator. Proposer will provide City with Key Personnel who has experience with the Proposer’s company and services

### **4.5 PROPOSAL REQUIREMENTS**

Failure to complete any question or request for information, in whole or in part, or any deliberate attempt by the Proposer to mislead the City, may disqualify the Proposer. Each Proposer shall provide the following in addition to describing their qualifications and commitment to providing the required scope of services.

In addition, the Proposer should provide:

- a) A clear understanding of the work to be performed, demonstrated by the comprehensiveness and appropriateness of the Proposal;
- b) Specific qualifications of the Proposer and specific prior work experience within a governmental environment.

#### **4.6 MANDATORY PROPOSAL SUBMITTAL REQUIREMENTS**

Complete and submit all requirements listed in Section 2.7

#### **4.7 ADDITIONAL ATTACHMENTS REQUIRED**

a) **FEE SCHEDULE (ATTACHMENT A)**

Proposers are required to complete and submit the Fee Schedule.

b) **NON COLLUSION/CONFLICT OF INTEREST CERTIFICATION (ATTACHMENT B)**

Proposers are required to sign and submit this form.

c) **SAMPLE AGREEMENT (ATTACHMENT C)**

Review the Sample Agreement. Submit any proposed exceptions with the Proposal response.

d) **ADDENDA**

All addenda of this RFP should be submitted as part of the Proposal response. Receipt of each addendum shall be acknowledged by the Proposer by signing in the appropriate designated location. Each Proposer should ascertain, prior to submitting a Proposal, that the Proposer has received all addenda issued by the City of Newport. Addenda are posted on the **City of Newport's website** at: <http://NewportOregon.gov/RFP>

### **SECTION 5 – PROPOSAL SELECTION AND EVALUATION**

#### **5.1 GENERAL INFORMATION**

Each proposal will be judged on its completeness and quality of its content. The City reserves the right to reject any or all proposals and is not liable for any costs the Proposer incurs while preparing the proposal. All proposals will become part of the public file, without obligation to the City. Upon the completion of the evaluations, the City intends to negotiate a contract with the Proposer whose proposal is deemed to be most advantageous to the City. Special features or qualifications included in the proposal will be given due consideration.

#### **5.2 SELECTION REVIEW COMMITTEE**

The Selection Review Committee will be comprised of a member of the City Audit Committee and three (3) members of the Finance Department. The role of the Selection Review Committee is to score and evaluate the proposals submitted and make an individual recommendation of award. The City may also seek expert advice to help review proposals. Such advisors to the Selection Review Committee may attend evaluation meetings and Proposer interviews, and lend any such expertise to the process as requested by the City. However, any such person that is contacted by the City for their expert advice shall not, from first being contacted until the RFP process is completed, or otherwise brought to an end, have communications with any Proposers regarding their proposals or the process.

Scoring will be completed covering all areas listed below in the Evaluation Criteria. All scores for each Proposer shall be added together to arrive at a final score for each Proposer. Proposals will then be ranked in descending order by the total Proposal score.

The City is seeking value from the service requested. While cost is important to the overall evaluation process, the experience and qualifications may be assigned a higher value. If additional information is deemed necessary as part of the evaluations, such information will be solicited in order to allow the committee to complete the evaluation process.

If final scores are within five points, the City reserves the right to negotiate with any of these Proposers or may elect to negotiate a contract using best and final offers.

### **5.3 SCORING AND EVALUATION CRITERIA**

The criteria listed below will be used to evaluate the Proposers to determine the finalists and apparent successful Proposer. **Total possible points will be 100. Interviews or presentations will have an additional 50 points.**

#### **5.3.1 Letter of Transmittal**

Summarize the key points of the proposal. Identify who will be the Lead Contractor and Contractor's availability to provide the scope of work described in this RFP. The letter should be signed by the individual(s) with authority to contract and include title(s), address, telephone number, and e-mail.

#### **5.3.2 Experience and Qualifications (50 points) 50%**

Describe your experience in the industry, available services to the public and government agencies, and the certifications, credentials, and experience of the Contractor. The proposal shall include the length of time the business has been in existence and special equipment, if applicable. Availability of resources to provide specific services will be considered.

#### **5.3.3 References (25 points) 25%**

References will be contacted to assist with the evaluation of experience, expertise, and the customer's satisfaction. Include at least three (3) references from customers for whom the Proposer is currently or has previously provided audit services as required in this RFP, within the last three (3) years, including government agency references.

#### **5.3.4 Cost of Services (25 points) 25%**

Submit costs per service on the Fee Schedule, Attachment A.

### **5.4 BEST AND FINAL OFFERS**

If in the best interest of the City it has chosen to employ a method of Proposer selection leading to best and final offers, the City may conduct private discussions with qualified Proposers as allowed by ORS 279B.060(6).

### **5.5 RANKING OF PROPOSALS**

- a) Proposals may be ranked by the Selection Review Committee based on evaluation of responses and interviews (if any), with the first-ranked Proposer being that Proposer which is deemed to be the most appropriate and fully able to perform the services, and the second-ranked Proposer being the next most appropriate, all in the sole judgment of the Selection Review Committee.
- b) Contractor's scores will be totaled and ranked. Any Proposer's response to this RFP shall be considered de facto permission to the City of Newport to disclose the results, when completed, to selected viewers at the sole discretion of the City of Newport.

## **SECTION 6 – CONTRACT REQUIREMENTS**

### **6.1 CONTRACT AWARD**

The award of a contract is accomplished by executing a contract with a written agreement that incorporates the entire RFP and Attachments, Proposer's response, clarifications, addenda, and additions. All such materials constitute the contract documents. The Issuing Office is the sole point of contact for the issuance of the contract. The contract shall be substantially in the form of the Sample Agreement attached.

**The Proposer agrees to accept the contract terms of the attached Sample Agreement. Otherwise, exceptions to the contract must be submitted by the Proposer with their proposal response.**

### **6.2 TERM OF CONTRACT**

The term of this agreement shall be three years, subject to termination by either party according to the procedure set out in the contract. This contract may be extended for two additional one-year terms at the option of the City.

### **6.3 REQUIREMENTS**

The Proposer must be covered by Workers' Compensation Insurance, which will extend to and include work in Oregon. In addition, the Proposer must also submit documents addressing general liability insurance, automobile and collision insurance, and an indication that there is no conflict of interest on the part of the Contractor's submission of a proposal for the services being solicited under this RFP.

The Proposer shall demonstrate willingness and ability to provide a Certificate of Insurance within ten (10) days of the Notice of Contract Award.

### **6.4 CONTRACT ADMINISTRATOR**

Mike Murzynsky, Finance Director in the Finance Department will be the Contract Administrator for the Audit Services contract.

## ATTACHMENT A FEE SCHEDULE

### Not to Exceed Price for Proposed Service Schedule

In accordance with the Request for Proposal for Professional Auditing Services issued by the City of Newport, Oregon, the firm referenced below hereby submits the following hourly fee quotation and hours proposed for all positions to be assigned to the audit:

Key Personnel	Fiscal Year Ended June 30, 2015				
	F/S Audit Hours	Single Audit Hours	Total Hours	Hourly Rate	Total
Engagement Partners					
Engagement Manager					
Engagement Senior					
Engagement Staff					
Clerical/Support Staff					
Other					

In accordance with the Request for Proposal for Professional Auditing Services issued by the City of Newport, Oregon, the firm referenced below hereby submits the following cost proposal:

	Fiscal Years Ending June 30th,				
	2015	2016	2017	2018	2019
Financial Statement Audit:					
Single Audit:					
Cost of Supplies & Materials:					
Additional Fees (if applicable)*:					
Total					

\*The City of Newport expects to receive technical assistance, as needed, from the audit firm throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. If fees related to this technical assistance are not included in the firm's financial statement audit fee, please include them here.

I hereby certify that the undersigned is authorized to represent the firm stated below, and empowered to submit this bid, and if selected, authorized to sign a contract with the City of Newport for the services identified in the Request for Proposal.

Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT B**  
**NON-COLLUSION AND CONFLICT OF INTEREST CERTIFICATION**

The undersigned hereby proposes and, if selected, agrees to furnish all services in accordance with this Request for Proposals, Attachments, and any supporting Addenda.

**Certifications**

**Non-Collusion**

The undersigned Proposer hereby certifies that it, its officers, partners, owners, providers, representatives, employees and parties in interest, including the affiant, has not in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, potential Proposer, firm or person, in connection with this solicitation, to submit a collusive or sham bid, to refrain from bidding, to manipulate or ascertain the price(s) of other Proposers or potential Proposers, or to secure through any unlawful act an advantage over other Proposers or the City. The fees and prices submitted herein have been arrived at in an entirely independent and lawful manner by the Proposer without consultation with other Proposers or potential Proposers or foreknowledge of the prices to be submitted in response to this solicitation by other Proposers or potential Proposers on the part of the Proposer, its officers, partners, owners, providers, representatives, employees or parties in interest, including the affiant.

**Conflict of Interest**

The undersigned Proposer and each person signing on behalf of the Proposer certifies, and in the case of a sole proprietorship, partnership, or corporation, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief, no member of the City Council, officer, employee, or person, whose salary is payable in whole or in part by the City, has a direct or indirect financial interest in the award of this Proposal, or in the services to which this Proposal relates, or in any of the profits, real or potential, thereof, except as noted otherwise herein. The undersigned hereby submits this Proposal to furnish all work, services systems, materials, and labor as indicated herein and agrees to be bound by the following documents: Request for Proposal, Professional Services Contract, and associated inclusions and references, specifications, Proposal Form, Proposer's response, mutually agreed clarifications, appropriately priced change orders, exceptions which are acceptable to the City, and all other Proposer's submittals.

**Reciprocal Preference Law - Residency**      Resident Proposer (    )    Non-Resident Proposer (    )

**Signature Block**

The Proposer hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

\_\_\_\_\_  
Proposer's Name

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Mailing Address, City, State, Zip

\_\_\_\_\_  
Tax Id Number

\_\_\_\_\_  
Facsimile Number

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **ATTACHMENT C – SAMPLE CONTRACT**

### **STANDARD TERMS AND CONDITIONS FOR AGREEMENT TO FURNISH AUDIT SERVICES TO THE CITY OF NEWPORT, OREGON**

#### **ARTICLE I: SCOPE**

For consideration set forth in Article V, \_\_\_\_\_, a professional firm, hereinafter referred to as CONTRACTOR, agrees to provide services to the City of Newport, Oregon, a municipal corporation, hereinafter referred to as the CITY. This Agreement incorporates all the promises, representations, and obligations set forth in this Agreement and the Request for Proposal, Proposal Response, Fee Schedule, and other supporting documents and attachments.

The contract term shall be for a period of approximately three years, commencing March 2015, with an option to extend the contract an additional two, one-year terms, at the option of the City. If the City elects to renew the contract, a written notice shall be provided a minimum of thirty (30) days prior to the expiration of the current contract of its intent to do so.

#### **ARTICLE II: RESPONSIBILITY OF CONTRACTOR**

- A. Notice to Proceed. CONTRACTOR will not begin work on any of the duties and services listed in Article I until execution of the contract. Authorization to proceed on additional services not defined in Article I shall be in the form of an amendment as defined in Article II.
- B. Level of Competence. CONTRACTOR is employed to render professional services and shall be responsible, to the level of competence presently maintained by other practicing professional CPA firms in good standing and engaged in the same type of professional personal services, for the professional and technical adequacy and accuracy of designs, drawings, specifications, documents, and other work products furnished under this Agreement.
- C. Lead Contractor. \_\_\_\_\_ shall serve as the Lead Contractor for Audit Services described under the terms of this Agreement. Any change in the designation of this role must be approved by the City.
- D. Documents Produced. CONTRACTOR agrees that all work products produced by CONTRACTOR in the fulfillment of its obligations under this Agreement, and all information, documents and material, gathered or compiled in meeting those obligations, shall be considered property of the CITY, and shall be provided to the CITY upon completion of this Agreement or termination of the Agreement pursuant to Article XII.
- E. State or Federal Requirements. CONTRACTOR covenants and agrees to comply with all of the obligations and conditions applicable to public contracts of this type pursuant to ORS Chapter 279 A, and B, as though each obligation or condition were fully set forth herein. In addition, CONTRACTOR covenants and agrees that in the performance of its duties hereunder, it will comply with all other state and federal requirements applicable to contracts of this type. If any provision of this Agreement shall be deemed to be not in compliance with any statute or role of law, such provision shall be deemed modified to ensure compliance with said statute or role of law.
- F. Oregon Workers' Compensation Law. CONTRACTOR, its subcontractors, if any, and all employers working under this Agreement are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide workers' compensation coverage for all their subject workers.



- G. Record Retention and Review. The CONTRACTOR shall maintain books, records, documents and other evidence of accounting procedures and practices which sufficiently and properly reflect all direct costs of any nature expended in the performance of this Agreement. These records shall be subject during regular business hours of the CONTRACTOR to inspection, review, or audit by personnel duly authorized by the City upon reasonable advance written notice from the City to the CONTRACTOR. The CONTRACTOR will retain all records related to this Agreement for seven (7) years following the date of final payment or completion of any required audit, whichever is earlier, and make them available for inspection by persons authorized under this provision. The CONTRACTOR shall be responsible for any audit exceptions or disallowed costs incurred by the CONTRACTOR or any of its SUBCONTRACTORS.
- H. Oregon Identity Theft Protection Act. CONTRACTOR, and its SUBCONTRACTORS to comply with the Oregon Identity Theft Protection Act (OITPA), ORS Sections 646A.600 through 646A.628.
- I. Taxpayer Identification Number. CONTRACTOR agrees to complete a Request for Taxpayer Identification Number and Certification (W-9 Form) as a condition of the CITY'S obligation to make payment. If the CONTRACTOR fails to complete and return the W-9 Form to the CITY, payment to CONTRACTOR may be delayed, or the CITY may, in its discretion, terminate the Contract.

### **ARTICLE III: RESPONSIBILITY OF CITY**

- A. Authorization to Proceed. CITY shall authorize CONTRACTOR upon execution of the contract to start work on any of the services listed in Article I.
- B. Access to Records, Facilities and Property. CITY shall comply with reasonable requests from CONTRACTOR for inspection or access to CITY's records, facilities, and properties by providing any and all information within its possession or control that may be reasonably helpful in the performance of the services provided herein.
- C. Timely Review. CITY shall examine all studies, reports, specifications, proposals, and other documents presented by CONTRACTOR, obtain advice of an attorney, insurance counselor, accountant, auditor, and other contractors as CITY deems appropriate for such examination and render in writing decisions pertaining thereto in a timely manner so as not to unreasonably delay the services of CONTRACTOR.

### **ARTICLE IV: MODIFICATIONS**

CITY or CONTRACTOR shall not make modifications in the attached Agreement or these Standard Terms and Conditions except in writing as an amendment to the agreement. Said modifications shall be agreed to by both parties, with scope of work, schedule, and compensation to be negotiated at the time the modification is proposed by either party. Modifications that do not meet these requirements shall not be binding, and no further compensation will be allowed for any work performed.

### **ARTICLE V: COMPENSATION**

City agrees to pay for the goods and services procured in Article I in accordance with the compensation provisions described in this Agreement and the Fee Schedule.

The City shall remit payment within thirty (30) days of receipt of a monthly billing from the CONTRACTOR. Such billing shall be only for services provided to that point. If payment is not made within 30 days, interest on the unpaid balance will accrue beginning on the 31st day at the rate of one percent (1%) per month or the maximum interest rate permitted by law, whichever is less.

Such interest is due and payable when the overdue payment is made, unless delay in payment is due to a contested billing. CITY has the right to appeal or ask for clarification on any CONTRACTOR billing within 30 days of receipt of billing. Until said appeal is resolved or clarification is accepted, no interest will accrue on that portion of the billing. In the event of a contested billing, only that portion so contested shall be withheld, and the undisputed portion shall be paid in accordance with this Article V.

Notwithstanding anything in this Agreement to the contrary, the CITY'S obligation to pay money beyond the current fiscal year shall be subject to and dependent upon appropriations being made from time to time by the City Council for such purpose; provided, however, that the City Manager or other officer charged with the responsibility for preparing the City's annual budget shall include in the budget for each fiscal year the amount of the city financial obligation payable in such year and the City Manager or such other officer shall use his/her best efforts to obtain the annual appropriations required to authorize said payments.

## **ARTICLE VI: INDEMNIFICATION**

The CONTRACTOR agrees to indemnify, defend, and hold harmless the CITY, its agents, officers and employees, from and against any and all liability, claims, suits, loss, damages, costs, and expenses arising out of or resulting from the negligent or intentional acts, errors, or omissions of the CONTRACTOR, its officers, employees, or agents.

## **ARTICLE VII: INSURANCE**

Before the Agreement is executed and work begins, the CONTRACTOR shall furnish the CITY a Certificate of Insurance for the coverage and limits set out below which is to be in force and applicable to the project for the duration of the contract. The issuing insurance companies must have a minimum current A.M. Best rating of A- VII or approved by the City. The Certificate must state that any insurance coverage shown cannot be suspended, voided, canceled by either party, or reduced in coverage or limits without 30 days prior written notice has been given to the CITY.

### **A. Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. Commercial General Liability: Insurance Services Office (ISO) form CG 0001 with an edition date of 10-2001 or later, providing Commercial General Liability – Occurrence Form. With CG 25 03 (Amendment Aggregate Limits of Insurance per Project) or equivalent attached.
2. Automobile Liability: Insurance Services Office (ISO) form CA 0001, providing Business Automobile Coverage on owned, non-owned and hired vehicles.
3. Workers' Compensation insurance as required by Oregon Revised Statutes and including Employers Liability Insurance.
4. Professional Liability insurance on an occurrence or claims made basis with 24 month tail coverage.
5. Pollution Liability Insurance on an occurrence or claims made basis with 24 month extended reporting period, if applicable to this project.

## **B. Minimum Limits of Insurance**

CONTRACTOR shall maintain limits no less than:

1. Commercial General Liability:                   \$2,000,000 Each Occurrence  
  \$2,000,000 Personal Injury  
  \$3,000,000 General Aggregate  
  \$3,000,000 Products/Completed Operations Aggregate

The General Aggregate and Products/Completed Operations Aggregate shall apply separately to this project.

2. Automobile Liability:                               \$2,000,000 Per Occurrence
3. Employers Liability:                               \$ 500,000 Each Accident  
  \$ 500,000 Disease Aggregate  
  \$ 500,000 Disease Each Employee
4. Professional Liability Insurance               \$2,000,000 Per incident / Claim  
  \$2,000,000 Annual Aggregate

## **C. Deductibles and Self-Insured Retentions**

Any deductible or self-insured retention must be declared to and approved by the CITY. At the option of the CITY, either: the insurer shall reduce or eliminate such deductible or self-insured retention as respects the CITY, its officers, employees and agents; or the CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

## **D. Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

1. Additional Insured Clause - The Commercial General Liability insurance coverage required for performance of this contract shall be endorsed to name CITY OF NEWPORT and its officers, agents and employees as Additional Insured on any insurance policies required herein with respect to CONTRACTOR'S or any sub-contractor's activities being performed under the Agreement. The Certificate of Insurance must include a copy of the Additional Insured endorsement. Coverage shall be primary and non-contributory with any other insurance and self-insurance.
2. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the CITY, its officers, employees, or agents.
3. Workers' Compensation and Employers Liability Coverage - The insurer shall agree to waive by endorsement, all rights of subrogation against the City of Newport, its officers, employees, and agents for losses arising from work performed by the CONTRACTOR for the CITY.

## **ARTICLE VIII: ASSIGNMENT**

This Agreement is to be binding upon the heirs, successors, and assigns of the parties hereto and is not to be assigned by either party without first obtaining the written consent of the other. No assignment of this Agreement shall be effective until the assignee assumes in writing the obligations of the assigning party and delivers such written assumption to the other original party to this Agreement.

Use of SUBCONTRACTORS by the CONTRACTOR or subsidiary or affiliate Firms of the CONTRACTOR for technical or professional services shall not be considered an assignment of a portion of this Agreement, and the CONTRACTOR shall remain fully responsible for the work performed, whether such performance is by the CONTRACTOR or SUBCONTRACTORS. No SUBCONTRACTORS shall be used without the written approval of the CITY.

Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than CITY and CONTRACTOR.

## **ARTICLE IX: INTEGRATION**

These terms and conditions and the attachments represent the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. The agreement may not be modified or altered except in writing as specified in Article IV.

## **ARTICLE X: SUSPENSION OF WORK**

The CITY may suspend, in writing, and without cause, all or a portion of the work under this Agreement. The CONTRACTOR may request that the work be suspended by notifying the CITY, in writing, of circumstances that are interfering with the progress of work. The CONTRACTOR may suspend work on the project in the event the CITY does not pay invoices when due. The time for completion of the work shall be extended by the number of days work is suspended. In the event that the period of suspension exceeds 90 days, the terms of the Agreement are subject to renegotiation and both parties are granted the option to terminate work on the suspended portion of the project, in accordance with Article XI.

## **ARTICLE XI: TERMINATION OF WORK**

CITY may terminate all or a portion of the work covered by this Agreement for its convenience. Either party may terminate work if the other party fails to substantially perform in accordance with the provisions of the Agreement. Termination of the Agreement is accomplished by written notice from the party initiating termination no less than fifteen (15) days in advance of the effective date of termination. Such notice of termination shall be delivered by certified mail with a receipt for delivery returned to the sender.

In the event of termination, CONTRACTOR shall perform such additional work as is necessary for the orderly filing of documents and closing of the project. The time spent on such additional work shall not exceed 10 percent (10%) of the time expended on the terminated portion of the project prior to the effective date of termination. CONTRACTOR shall be compensated for work actually performed prior to the date of termination plus work required for filing and closing as described in this Article. Upon termination, CONTRACTOR shall provide to the CITY all work products, material, documents, etc., gathered or compiled, related to the project, whether in CONTRACTOR'S possession at the time of termination or received later.

If no notice of termination is given, relationships and obligations created by this Agreement shall be terminated upon completion of all applicable requirements of this Agreement.

## **ARTICLE XII: FORCE MAJEURE**

Neither the CITY nor the CONTRACTOR shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's employees and agents.

## **ARTICLE XIII: DISPUTE COSTS**

In the event either party brings action to enforce the terms of this Agreement or to seek damages for its breach, or arising out of any dispute concerning the terms and conditions hereby created, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs, and expenses, incurred therein, including such costs and fees as may be required on appeal.

## **ARTICLE XIV: CONFLICT AND SEVERABILITY**

In the event of any inconsistency between the terms of this Agreement and the terms listed in any additional attachments to this Agreement, the terms of this Agreement shall control. Any provision of this document found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the document.

## **ARTICLE XV: NON-DISCRIMINATION/EQUAL EMPLOYMENT OPPORTUNITY**

During the term of this Agreement, the CONTRACTOR agrees as follows:

The CONTRACTOR will not discriminate against any employee or applicant for employment because of creed, religion, race, color, sex, marital status, sexual orientation, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, color, sex, national origin, or the presence of any sensory, mental or physical handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

## **ARTICLE XVI: COURT OF JURISDICTION**

The laws of the state of Oregon shall govern the validity of this Agreement, its interpretation and performance, and other claims related to it. Venue for litigation shall be in Lincoln County, Oregon.

### **CONTRACTOR:**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
CONTRACTOR

By: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

\_\_\_\_\_

Corp. Tax No./Social Security No.

### **CITY OF NEWPORT, OREGON:**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Finance Director

### **APPROVED AS TO FORM:**

By: \_\_\_\_\_  
City Attorney

**ATTACHMENT D**

**DECLARATION OF INDEPENDENT CONTRACTOR STATUS  
SOLE PROPRIETORSHIP**

The undersigned, \_\_\_\_\_, doing business as  
\_\_\_\_\_, do hereby declare and agree as follows:

1. I am a sole proprietor doing business as \_\_\_\_\_  
and am the only person interested as a partner or principal in that business. I employ no person for the  
performance of any work, including clerical and administrative tasks.

2. All work to be done under contract with the City of Newport, Oregon will be performed by me  
or by subcontractors who will be required to obtain Workers' Compensation coverage as insured or self-  
insured employers unless such subcontractors file with the City of Newport joint declaration, signed by me  
as well, affirming their independent contractor status and the fact that they employ no employees subject to  
the provisions of ORS Chapter 656.

3. I am an independent contractor of the City of Newport, and recognize that I am not entitled to  
and waive all claims under any Workers' Compensation coverage afforded by the City to its employees as  
an insured or self-insured employer.

\_\_\_\_\_  
(Signature, Sole Proprietor)

**DECLARATION OF INDEPENDENT CONTRACTOR STATUS-CORPORATION**

The undersigned, doing business as \_\_\_\_\_,

employs no person other than corporate officers for the performance of any work, including clerical and administrative tasks. All work to be done for the City of Newport, Oregon will be performed by the corporate officers of the corporation, or by subcontractors who will be required to obtain Workers' Compensation coverage as insured or self-insured employers unless such subcontractors file with the City of Newport a joint declaration, signed by an officer of the corporation as well, affirming their independent contractor status and the fact that they employ no employees subject to the provisions of ORS Chapter 656.

\_\_\_\_\_ is an independent contractor of the City of Newport, and the corporate officers thereof recognize that we are not entitled to and waive all claims under any Workers' Compensation coverage afforded by the City to its employees as an insured or self-insured employer.

\_\_\_\_\_  
NAME OF CORPORATION

BY: \_\_\_\_\_  
*(Please Print or Type)*

\_\_\_\_\_  
SIGNATURE

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_



## DECLARATION OF INDEPENDENT CONTRACTOR STATUS-PARTNERSHIP

The undersigned, \_\_\_\_\_

do hereby declare and agree as follows:

1. We are partners doing business as \_\_\_\_\_  
and are the only persons interested as partners or principals in that business. We employ no persons for the performance of any work, including clerical and administrative tasks.

2. All work to be done under contract with the City of Newport, Oregon will be performed by us or by subcontractors who will be required to obtain Workers' Compensation coverage as insured or self-insured employers unless such subcontractors file with the City of Newport a joint declaration, signed by us as well, affirming their independent contractor status and the fact that they employ no employees subject to the provisions of ORS Chapter 656.

3. We are independent contractors of the City of Newport, and recognize that we are not entitled to and waive all claims under any Workers' Compensation coverage afforded by the City to its employees as an insured or self-insured employer.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name*

\_\_\_\_\_  
*Date*